

## Message Text

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ORIGIN ARA-02

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DRAFTED BY: ARA/CAR:JETHYDEN

APPROVED BY: ARA/LA/CAR:TJCHEAVNER

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R 130510Z MAR 76

FM SECSTATE WASHDC

TO USMISSION USUN NEW YORK

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FOL TEL SENT ACTION SECSTATE FROM NASSAU DTD 08 MAR 1976

QUOTE

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E.O. 11652: N/A

TAGS: UNDP:, EAID, BP

SUBJ: IMPACT ON UNDP CUTBACKS ON THE BAHAMAS

REF: STATE 38843

1. MINEXTAFF REPORTS THAT BAHAMAS FACES ALMOST IMMEDIATE  
TERMINATION OF ALL MAJOR UNDP PROGRAMS. GCOB WAS INFORMED  
WEEK OF FEBRUARY 16 THAT DOLS 400,000 ALLOTTED FOR 1976  
SINCE BEGINNING WILL NOW HAVE TO LEAVE PROJECT IN MARCH WHEN HIS  
CONTRACT ENDS. & GCOB HAS PLACED HIGH PRIORITY ON THIS PROJECT AND HA  
S  
USED RESOURCES OF ITS OWN TO TIE IN WITH UNDP WORK. IT  
DESPERATELY WANTS TO KEEP EXPERT ON BUT HAS NO FUNDS  
AVAILABLE.

3. HOSPITAL ADMINISTRATION: A PROGRAM PROVIDING MUCH NEEDED  
EXPERTISE TO UP-GRADE MEDICAL SERVICES THROUGHOUT THE BAHAMAS  
WILL BE ENDED IN JUNE. DOLS 110,000 HAS BEEN SPENT TO DATE  
BUT MAIN IMPACT OF PROGRAM WAS TO COME IN 1976 WITH DOLS  
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400,000 ALLOTTED TO PROVIDE ADDITIONAL EXPERTS.

4. IN DECEMBER OF 1975 GCOB CUT BACK PROGRAMS BY 20 PER CENT BECAUSE OF UNDP FINANCIAL SITUATION (BAHAMAS HAD DOLS 2.5 MILLION PROGRAM FOR 1972-1975; DOLS 3.5 MILLION WAS INITIALLY PROMISED FOR 1976-1979 - THIS WAS CUT BACK THROUGH A SERIES OF CUTS TO DOLS 2.1 MILLION. THERE IS NOW NO INDICATION OF HOW MUCH THE BAHAMAS CAN EXPECT IN THE FUTURE BEYOND THE DOLS 400,000 FOR 1976). MINEXTAFF BELIEVES THAT EVEN WITH PREVIOUS CUT BACKS SOME USEFULNESS COULD HAVE BEEN DERIVED FROM THE PROGRAMS. CERTAINLY, HOWEVER, THEY WOULD BE OF LESS UTILITY AS ADDITIONAL EXPERTS WOULD NO LONGER BE MAKING NEEDED IN-PUTS. ACCORDING TO MINEXTAFF LATEST ACTION BY UNDP MEANS ALL PROGRAMS WILL BE EFFECTIVELY TERMINATED AND THAT MONIES SPENT AND RESEARCH ACCOMPLISHED TO PRESENT WILL IN FACT BE FORFEITED WITHOUT ADDITIONAL PROGRAMED IN-PUTS.

5. EMBASSY COMMENT: GCOB BELIEVES THAT THE TERMINATION OF UNDP PROGRAMS IN THE BAHAMAS WILL HAVE SERIOUS NEGATIVE IMPACT ON ITS DEVELOPMENT GOALS AND THAT THE ABRUPTNESS OF UNDP DECISION DOES NOT LEAVE SUFFICIENT TIME TO FIND OTHER SOURCES OF FINANCING FOR HIGH PRIORITY PROGRAMS. ALTHOUGH EMBASSY PLANS TO MAKE ITS OWN DETAILED ANALYSIS OF EFFECT UNDP ACTION WILL HAVE ON BAHAMAS OUR INITIAL REACTION IS THAT GCOB CONCERNS ARE WELL-FOUNDED. BECAUSE OF HIGH PER-CAPITA INCOME THE BAHAMAS IS NOT ELIGIBLE FOR MUCH ASSISTANCE USUALLY AVAILABLE TO DEVELOPING COUNTRIES. UNDP HAS BEEN ONE OF MAJOR CONTRIBUTORS TO DEVELOPMENT PROGRAMS ON WHICH GCOB IS HEAVILY RELYING TO PROVIDE EMPLOYMENT AND REDUCE ITS DEPENDENCE ON TOURISM.

6. MINEXTAFF ADDERLEY IS REPORTED TO BE FURIOUS OVER WHAT HE BELIEVES TO BE UNFAIR AND DISCRIMINATORY TREATMENT OF BAHAMAS AND WILL HIMSELF MAKE STRONG PROTEST TO UNDP AND PROBABLY USG. EMBASSY HAS, HOWEVER, POINTED OUT FACT OF USG'S INCREASED UNDP CONTRIBUTION FOR 1976 AS PER REFTEL WITH MINEXTAFF. ISSUE WILL BE DISCUSSED DURING CABINET MEETING MARCH 9. WEISS. UNQTE KISSINGER  
NOTE BY OC/T: NASSAU 0376, PARA 1, SECOND SENTENCE AS RECEIVED

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